

PERFORMANCE OF KISAN CREDIT CARD SCHEME IN HARYANA THROUGH COMMERCIAL BANKS

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ABSTRACT

Agriculture has been a mainstay of the Indian economy as the most proportion of the population of India depends upon it for their livelihood and therefore, there is a need to improve the performance of this sector. The performance of this sector can be improved by providing institutional credit as an input factor in this sector. In the year 1998-99, a most innovative Kisan Credit Card scheme was introduced to provide institutional credit in a cost effective manner. Thus, the present study has been carried out in Haryana state to check out the performance of the KCC scheme through Commercial banks, which is classified into two categories, i.e. Public and Private Banks in respect of KCCs issuing, amount sanctioning and disbursing. The present study is based on secondary data and data have been taken for issued cards, amount sanctioned and disbursed for the study period from 2003-04 to 2013-14. It is concluded on the basis of the results of the study that the growth rate of Commercial banks in providing credit facility has been found significant and the performance of these bank group has been satisfactory in providing credit facility.

Keywords: Kisan Credit Card, Growth, Performance

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Introduction

The most important sector of Indian economy is agriculture sector, which has been the mainstay of the Indian economy as most of the part of Indian population depends upon it for their livelihood directly or indirectly. The National Agricultural Policy waxes eloquent on the value of agriculture. "Agriculture is a way of life, a tradition, which for centuries thus runs the opening sentence of the National Agricultural Policy has shaped the thought, the outlook, the culture and the economic life of the people. The rapid growth of agriculture sector will not only ensure continued food security, but also aid in growth in the industry and the GDP"(Kamble,2010). Thus, for the sustainability of the agricultural sector, farm credit is an essential input. In Indian economy, most of the part of farmers is small and marginal farmers and not able to invest adequate amount requirements in agricultural activities. Thus, there is the need to provide adequate and timely support of credit to improve production and productivity. Against this background, the Kisan Credit Card scheme was introduced in the year 1998-99, to provide adequate credit to the farmers in a cost effective manner. This scheme is also implemented in Haryana state by three agencies named Commercial banks, Co-operative banks and Regional Rural banks from the year 1998-99. Thus, there is need to check out the performance of this scheme and the present study entitled "Performance of Kisan Credit Card Scheme in Haryana through Co-operative Banks" has been made in this respect with stipulated objectives.

Objectives of the Study:

1. To analyse the performance of Commercial banks in terms of issuing of KCCs.
2. To examine work performance of Commercial banks in context of amount sanctioned.
3. To analyse the performance of Commercial banks w. r. t. amount disbursed.

Research Methodology:

To fulfill the specific objective of the study, necessary secondary data have been collected from the Agenda and Minutes of State Level Bankers Committee in Haryana for the period 2003-04 to 2013-14. In the present study, the Commercial Bank group has been taken for

the study, which is providing KCCs to the farmers in Haryana and the study of performance of the KCC scheme of Commercial Banks has been classified into two types of banks group which are as follows:

1. Public banks
2. Private banks

Statistical Techniques

For the analysis of data, percentage change and compound growth rate have been estimated by using the following formulas.

1. Percentage change = $\frac{\text{Current year value} - \text{Base year value}}{\text{Base year value}} \times 100$
2. Compound growth rates (C.G.R.) of no. of KCC issued, amount sanctioned and amount disbursed have been worked out by fitting exponential function. The following form of exponential function has been used to estimate compound growth rates by using the least square method.

$$Y = AB^t$$

Where, Y = KCC issued, amount sanctioned and amount disbursed

A = Constant

B = 1+r

a = Compound growth rate

t = time variable in years (1, 2 ----- 11)

The compound growth rate (r) is equal to (B-1) x 100. In log form, B has been calculated by the following formula:

$$\text{Log B} = \frac{\sum T \log Y - \sum t \sum \log Y / N}{\sum t^2 - (\sum t)^2 / N}$$

The growth rates has been tested for significance by calculating 't' value where $t = r/s$, 's' is the standard error. The value of standard error has been calculated by following formula:

$$S.E. (r) = \frac{100B}{\text{Log}_{10} e} \sqrt{\frac{\sum(\log Y)^2 - (\sum \log Y)^2/N - (\log 10^b)^2 \sum T^2}{(N-2) \sum T^2}}$$

Where; $T = t - \bar{t}$

Results and Conclusion:

Performance of Kisan Credit Card Scheme in Issuing KCCs through Commercial Banks in Haryana:

Table -1: Year-wise Performance of Kisan Credit Card Scheme in Issuing KCCs through Commercial Banks in Haryana.

(Amount in Lacs)

Year	No. of KCC issued by Public banks (1)	Percentage change	No. of KCC issued by Private banks (2)	Percentage change	Total no. of KCC issued by Commercial banks (3) (1+2=3)	Percentage change
2003-04	82193	-	43	-	82236	-
2004-05	84927	3.32	282	555.81	85209	3.61
2005-06	75842	-10.69	576	104.25	76418	-10.31
2006-07	82475	8.74	1948	238.19	84423	10.47

2007-08	81830	-0.78	3713	90.60	85543	1.32
2008-09	77372	-5.44	2779	-25.15	80151	-6.30
2009-10	96626	24.88	1432	-48.47	98058	22.34
2010-11	104264	7.90	4719	229.53	108983	11.14
2011-12	106438	2.08	17484	270.50	123922	13.70
2012-13	105882	-0.52	27782	58.89	133664	7.86
2013-14	141931	34.04	38384	38.16	180315	34.90
Total KCCs Issued	1039780		99142		1138922	
Compound growth rate	4.9 %*		77.9 %*		7.4 %*	

* Represent significant at the one percent level of significance.

(Source: Agenda and Minutes of State level Bankers Committee Haryana)

Table 1 shows the performance of the Kisan credit card scheme in issuing a number of Kisan credit cards in Haryana through commercial banks during the study period 2003-04 to 2013-14. It is clear from the table that in case of no. of KCCs issued by public banks, compound growth rate has been estimated at 4.9 percent, while the compound growth rate of private banks has been calculated 77.9 percent which is more than the public sector banks. In absolute term, maximum number of KCCs has been issued 141931 cards by public banks and 38384 cards by private banks in the year 2013-14. It has been observed from the table that in case of public sector banks, the maximum change in percentage term has found during 2013-14 and the same has been maximum during the year 2004-05 in case of private sector banks. In the absolute term, the public bank group has issued more number of cards than private banks during the study period. The overall growth rate of numbers of cards issued by the commercial banks has been observed as 7.4 % during the study years, which is statistically significant at the one percent level, whereas maximum change in percentage has been noticed as figures 34.90 during the year 2013-14 and most of the study year change in percentage has been positive remaining the years 2005-06 and 2008-09 which has been -10.31 and -6.30, respectively.

The furnished results related to the growth behaviour of the amount sanctioned through Kisan credit card scheme in Haryana by commercial banks during the study period 2003-04 to 2013-14 are presented in Table 2. It has been observed from the table that the maximum growth rate in amount sanctioning has been 98.2 percent of private banks, followed by public banks in class of the commercial bank group and at the overall analysis; it has been found 23.5 percent which is significant at the chosen level of significance.

Performance of Kisan Credit Card Scheme in Amount Sanctioning through Commercial Banks in Haryana:

Table 2: Year-wise Performance of Kisan Credit Card Scheme in Amount Sanctioning through Commercial Banks in Haryana.

(Amount in Lacs)

Year	Amount sanctioned by Public banks	Percentage change	Amount sanctioned by Private banks	Percentage change	Amount sanctioned by commercial banks	Percentage Change
2003-04	61983.91	-	82.30	-	62066.21	-
2004-05	83247.15	34.30	458.60	457.22	83705.75	34.86
2005-06	100020	20.14	1352	194.81	101372	21.10
2006-07	107904	7.88	5269	289.71	113173	11.64
2007-08	112306.47	4.07	13221.54	150.93	125528.01	10.91
2008-09	124891	11.20	9823	-25.70	134714	7.31
2009-10	169643	35.83	5334	-45.69	174977	29.88
2010-11	208594	22.96	22645	324.54	231239	32.15
2011-12	241508	15.77	86103	280.22	327611	41.67
2012-13	269835	11.72	96439	12.00	366274	11.80
2013-14	471130	74.59	216671	124.67	687801	87.78
Total Amount	1951063		457398.4		2408461	

Sanctioned						
Compound growth rate	19.1 %*		98.2 %*		23.5 %*	

* Represent significant at the one percent level of significance.

(Source: Agenda and Minutes of State level Bankers Committee Haryana)

In absolute term, during the year 2013-14, maximum amount has been sanctioned by both of the banks i.e. public and private banks. As far as annual amount and total amount sanctioned is considered, the performance of public sector banks has been better than private sector banks. It has been derived from the table that in case of public sector banks, the maximum change in percentage term has found during 2013-14 as 74.599 percentage change has been calculated and the same has been maximum during the year 2004-05 in case of private sector banks. In case of public sector bank and commercial bank group, the change in percentage has been positive during the all of the years of study period, but in case of private sector banks, it has also been positive during most of the study year remaining the years 2008-09 and 2009-10.

Performance of Kisan Credit Card Scheme in Amount Disbursing through Commercial Banks in Haryana:

Table 3: Year-wise Performance of Kisan Credit Card Scheme in Amount Disbursing through Commercial Banks in Haryana.

(Amount in Lacs)

Year	Amount disbursed by Public banks (1)	Percentage change	Amount disbursed by private banks (2)	Percentage change	Total Amount disbursed by commercial banks (3) (1+2=3)	Percentage change
2003-04	59250.04	-	72.30	-	59322.34	-

2004-05	82072.40	38.51	459.60	535.68	82532	39.12
2005-06	98097	19.52	1122	144.12	99219	20.21
2006-07	106193	8.25	5155	359.44	111348	12.22
2007-08	111363.53	4.86	13120.49	154.51	124484.02	11.79
2008-09	123706	11.08	8779	-33.08	132485	6.42
2009-10	164662	33.10	5131	-41.55	169793	28.15
2010-11	197480	19.93	22620	340.84	220100	29.62
2011-12	210305	6.49	81763	261.46	292068	32.69
2012-13	259113	23.20	95796	17.16	354909	21.51
2013-14	464240	79.16	216671	126.17	680911	91.85
Total Amount Disbursed	1876481.97		450689.39		2327171.36	
Compound growth rate	18.7 %		100 %		23.2 %	

* Represent significant at the one percent level of significance.

(Source: Agenda and Minutes of State level Bankers Committee Haryana)

Table 3 shows the performance of commercial banks, which is classified into two categories of banks, i.e. public and private banks w.r.t. amount disbursed through Kisan Credit Cards in Haryana during the study years. The figures in the table reveal that the maximum growth rate has been observed in case of private sector banks as 100 percent, which has been followed by commercial banks and public sector banks as 23.2 percent and 18.7 percent growth rate, respectively. In case of public sector banks, the maximum change in percentage term has been observed during the year 2013-14 as 79.165 percentage change has been calculated during this period and it has followed by the years 2004-05 during which 38.518 change in percentage taken place, whereas regarding the private banks in amount disbursing, maximum percentage change has found during the year 2004 -05 as 535.68 percentage change has taken place during this period. It has been noticed from the table that in context of public banks, change in percentage has been observed in positive figures during all the study years while in case of private sector

banks, it has also been positive most of the study period remaining the years 2008-09 and 2009-10. In case of commercial banks w. r. t. amount disbursed, the maximum change in percentage term has been found during the year 2003-14 as 91.85 percentage change has been estimated for this time period and it has been noticed in positive figures during all of the study years which show the increasing work performance of commercial banks.

CONCLUSION AND SUGGESTIONS

The results may be derived on the basis of the above discussion that the commercial banks have performed well in Haryana in KCCs issuing, amount sanctioning and disbursing as the compound growth rates recorded as 7.4, 23.5 and 23.2 percent respectively. But out of the two categories of commercial bank group public sector bank and private banks, the growth rate of the private bank group has been more than the public sector banks w.r.t same parameters of the study while in absolute term, more number of KCCs issued, amount sanctioned and disbursed by public sector banks. At the overall level, Percentage change has been observed positive during all of the study years regarding amount sanctioned and disbursed in case of commercial bank group, but in context of number of KCCs issued, it has been observed in negative figures during the years 2005-06 and 2008-09 as -10.31 and -6.30 percentage change has been calculated for this period. Thus, on the basis of the results, there is a significant increase in the number of Kisan credit cards issued and the scheme has become more popular among the farmer to fulfill credit requires timely. Thus, to improve the performance of KCC scheme, it may be suggested that the bank groups short out the determinants which affects the performance of the scheme. Commercial banks should extend the credit limit of crops and allied activities. They also should take effective steps to create awareness among the farmers with the help of wide propaganda to adopt this innovative scheme. The Indian government will have to adopt a comprehensive long term strategy with rich resource position to fulfill credit needs of farmers.

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